

VZCZCXRO3821
PP RUEHDBU RUEHFL RUEHKW RUEHLA RUEHROV RUEHSR
DE RUEHRO #3214/01 3351227
ZNY CCCCC ZZH
P 011227Z DEC 06
FM AMEMBASSY ROME
TO RUEHC/SECSTATE WASHDC PRIORITY 6637
INFO RUEHKK/ARAB ISRAELI COLLECTIVE PRIORITY
RUEHZL/EUROPEAN POLITICAL COLLECTIVE PRIORITY
RUEHROV/AMEMBASSY VATICAN PRIORITY 0527
RUEHFL/AMCONSUL FLORENCE PRIORITY 1927
RUEHMIL/AMCONSUL MILAN PRIORITY 8016
RUEHNP/AMCONSUL NAPLES PRIORITY 2061
RHEHNSC/WHITE HOUSE NSC WASHDC PRIORITY

C O N F I D E N T I A L SECTION 01 OF 05 ROME 003214

SIPDIS

SIPDIS

E.O. 12958: DECL: 12/01/2016
TAGS: [PGOV](#) [PREL](#) [XF](#) [IR](#) [LE](#) [UNAU](#) [EUN](#) [IT](#)
SUBJECT: ABRAMS ENGAGES ITALIANS ON MEPP, IRAN AND
SYRIA/LEBANON

REF: ROME 3050

ROME 00003214 001.2 OF 005

Classified By: Ambassador Ronald P. Spogli, reasons 1.4 (b) and (d)

Summary

¶1. (C) Deputy National Security Advisor Elliott Abrams November 27 engaged senior MFA officials, members of the Prime Minister's Office and (on background) journalists from Italy's leading dailies on Syria/Lebanon, the Middle East Peace Process (MEPP) and Iran. On Syria and Lebanon, he noted the need to support Lebanese PM Siniora, bring greater economic and political pressure on Syria, and improve efforts to prevent arms smuggling to Hizballah. He said UNIFIL was currently failing the test of being a model for future deployments in Palestinian areas because it was not working energetically enough with the LAF to seize Hizballah arms caches. On the MEPP, Abrams stressed the President's continued, strong commitment to a two-state solution and cautioned that uncoordinated initiatives such as the recent Spanish/French one are unhelpful. But there have been positive signs from both Palestinians and Israelis in recent days, and the Quartet and the Roadmap remain the way forward.

On Iran, he noted Russia had been unhelpful at the UNSC, and while there was movement toward a sanctions resolution, its impact would likely be symbolic. Abrams therefore also stressed the need for increased financial pressure on Iran, particularly in the banking sector.

¶2. (C) The Italians said UNIFIL was fulfilling its mandate and had had a positive impact by preventing further attacks against Israel. They suggested movement on the Shebaa Farms issue could help Siniora. GOI officials also supported the notion of passing a UNSCR on sanctions against Iran quickly and working with the USG to develop follow-up mechanisms once they join the Security Council in January. While they agreed on the need to keep up pressure on Syria and Iran, they expressed concern about getting into a blind tunnel of escalation with Tehran, absent greater U.S. engagement with Iran. End Summary.

Lebanon/Syria: Press Syria, Support Lebanon

¶3. (U) Deputy National Security Advisor Elliott Abrams November 27 met separately with Italian MFA Middle East Director Cesare Ragolini, Vice Foreign Minister and Under

Secretary Ugo Intini, and MFA Director for Political Affairs

SIPDIS

Guilio Terzi. Abrams also met with FM D'Alema's Foreign Policy Advisor, Marta Dassu', together with PM Prodi's Chief Diplomatic Advisor Sannino and Sannino's deputy for the Middle East, Marco Carnelos. Ragaglini was accompanied by Minister Sergio Scarantino (DAS equivalent) responsible for BMENA and Barcelona Process, Near East Office Director Luciano Pezzotti, and Chief of Staff Carlo Formosa. VFM Intini was accompanied by Chief of Staff Minister Giorgio Malfatti, Pezzotti and a staffer. DG Terzi was accompanied by Minister Sebastiano Cardi (new DAS equivalent UN coordinator); NATO Office Director Minister Gianni Bardini; and Nonproliferation and Disarmament Office Director Minister Filippo Formica. Ambassador Spogli attended the meeting with Terzi. Pol M/C and poloff attended all meetings.

14. (C) Abrams stressed to Ragaglini the need to support Lebanon and the Siniora government, especially in the face of Syrian efforts to use Hizballah to destabilize the Lebanese government. He noted that the timing of the Gemeyel assassination coincided with Syrian efforts to derail the establishment of the Hariri Tribunal. Abrams said Syria gets the wrong message with high-level visits to Damascus - the Syrians don't listen to the messages delivered by their interlocutors, however tough. All they register is the presence of a high-level visitor, and it reinforces their sense of legitimacy. He said it was important to figure out with the EU a way to pressure Syria to change policy and suggested EU countries consider increasing political and economic pressure on Damascus.

15. (C) Ragaglini agreed with Abrams on the need to support Siniora in order to help Lebanon become truly independent and free from foreign influence. He said there appeared to be two avenues to encourage a change in Syrian policies: engagement or confrontation. He suggested starting with

ROME 00003214 002.2 OF 005

engagement, because if that doesn't work, we will be better positioned to proceed to a policy of confrontation. He said PM Prodi had delivered a strong message to Syrian President Bashar al-Asad on the need for Syria to act positively in Lebanon. The Syrian President had protested disingenuously that his influence was limited, now that all Syrian troops had pulled out of Lebanon at the international community's request. Ragaglini observed that the Hariri tribunal, while clearly important, will likely last quite a long time and thus could be a factor affecting the country's stability for an extended period.

16. (C) (In a later discussion with MFA Multilateral Affairs Director Terzi, Abrams noted the problems Siniora's government will face when it has to get final parliamentary approval for the Hariri tribunal. He wondered if it would be possible for the tribunal to be set up without securing the Lebanese parliament's ratification, solely on the basis of a UNSCR. Terzi said while he couldn't recall a precedent for such a decision, it might be possible given the Security Council's flexible authority. However, he cautioned that some non permanent members of the Security Council, such as Argentina, were already complaining about the Security Council's enlargement of its authority in the recent past (specifically on non-proliferation issues) and they, or other non-permanent members, such as South Africa, might try to block such an attempt.)

17. (C) Abrams said he agreed with much of Ragaglini's analysis but said we are not starting from scratch in our dealings with Syria. The U.S. had tried the path of engagement, and had sent Secretary Powell and other high-level visitors to Damascus, but the Syrians keep making the wrong decisions. Bashar made the wrong decision in Iraq and he is making the wrong decisions in Lebanon. Of course it cannot yet be said for certain that Syria was behind the

Hariri killing, but their efforts to thwart the tribunal would lead one to believe they were. The Syrians are supporting the most extreme Palestinian terrorist groups. The series of assassinations of anti-Syrian politicians and journalists in Lebanon in the recent past indicates that Damascus is not changing course. Finally, the Syrians are not fulfilling their obligations under UNSCR 1559 or 1701. So the situation is already fairly advanced and engagement has not brought about positive behavior; therefore, the time has come to increase economic and political pressure.

18. (C) PM Prodi's Chief Diplomatic Advisor Sannino said Siniora had told Prodi movement on the issue of Shebaa farms would help strengthen his domestic position. Sannino suggested even small movement on the issue could help and suggested placing the territory under UN-administered control. Abrams acknowledged that this was Siniora's view, and while the Israelis might eventually buy into it, he was skeptical such action would have the desired effect. This is because the Shebaa Farms issue is likely only a pretext, and if that is the case, then even if the disputed area were put under UN control, there would be nothing to prevent Syria/Hizballah from inventing another pretext for Hizballah to retain its arms. Sannino appreciated Abrams' analysis but suggested it might be worth trying, since doing so was unlikely to have negative consequences. He asked Abrams if the U.S. would support an Italian push, on Siniora's behalf, toward some resolution on Shebaa farms. Abrams said yes.

MEPP - Possible Beginning of a Virtuous Cycle

19. (C) Abrams told Ragaglini that the so-called Spanish-French Middle East peace Initiative had been uncoordinated and unhelpful. The Israelis had already rejected it. Ragaglini noted that on November 24 there had been a meeting in Rome of the "Quint", an ad hoc EU Middle East coordinating group within the EU that had no formal status. He explained that after the intra-EU discord following the surprise Spanish announcement, the Italians had called a Quint meeting at the MFA Mid-East Director level to coordinate a position. Ragaglini assured Abrams that it was agreed by participants at the Rome meeting that there would be no more uncoordinated initiatives. EU initiatives would be coordinated not only at the Quint level, but with Solana, the full EU 25, Quartet partners, and finally with Israel and the moderate Arabs. That said, Italy and other European countries accord priority attention to the Middle East.

ROME 00003214 003.2 OF 005

Instability there affects the security of Europe -- its security, stability, commerce, and energy supply.

110. (C) Abrams underscored President Bush's commitment to a two-state solution and pointed out that the U.S. would not try to force a solution in order to fit the timing of our election calendar. But there had been some positive signs lately. A deal on a Palestinian government of national unity was likely and could start a virtuous cycle, especially in light of the recent cease-fire and Israeli PM Olmert's recent speech. Once Israeli prisoner Shalit has been released, regular Olmert-Abbas meetings can begin, more prisoners can be released and the overall tone could improve. He noted that not only were Israel and the Palestinians trying, but the Egyptians and Saudis were also engaging, which was encouraging.

111. (C) Ragaglini said we all agree the status quo is not an option. Other senior MFA officials echoed this sentiment, saying there was a new sense of urgency on this issue, a sense that the situation was worsening. Ragaglini said he spoke November 26 to FM D'Alema who was glad the Israelis were showing restraint and that the cease-fire was holding. He said the European Union was ready to support a PA government that substantially reflects the Quartet

principles. Ragaglini said a degree of ambiguity might be necessary, e.g. on the question of the formula for expressing recognition of Israel. For the EU, another issue is the composition of the government, e.g. who will be the Finance Minister, since it will be a priority to track where the money goes.

¶12. (C) Abrams said the choice of Minister of the Interior was also important, given the issue of security force reform. The Israelis have agreed in principle to the Palestinian Badr Brigade deploying to Gaza from Jordan; however, General Dayton has said they would need a few months of training before they will be ready to be deployed. Abrams said it would be better to have a truce on the ground first before deploying the Badr Brigade in order not to put them in confrontation with Hamas from the beginning. He also said the U.S. remains concerned about arms smuggling. Ragaglini suggested the best way to crack down on arms smuggling would be to increase the number of Egyptian border guards along the Gaza border.

UNIFIL: Failing Test as Model for Gaza

¶13. (C) Abrams said if UNIFIL is a test case for future deployments, it is failing that test so far. It has not succeeded in preventing the flow of arms from Syria. UNIFIL and the LAF are both careful not to challenge Hizballah. The consequence is that Israel looks at it as a failed experiment and not as a possible model for future deployments in Gaza. Ragaglini said it was important for Italy that UNIFIL be a success. Italy evaluates UNIFIL positively though it can always be improved. UNIFIL can't seal the border with Syria but it can control movement in the south and prevent confrontation with Israel. UNIFIL is fulfilling its mandate and has had a positive impact by preventing further attacks against Israel. But Israeli overflights are disturbing. Italy has asked Israel to halt the most provocative of overflights, e.g. over Beirut and over French troops. Abrams said the U.S. had done the same, although there was still a legitimate requirement for some intelligence collection.

IRAN: Sanctions and Economic Pressure

¶14. (C) Abrams engaged Vice FM Intini and DG for Political and Multilateral Affairs Terzi on Iran. He said Ahmadinejad and other hardliners in Iran could argue that their approach has succeeded so far. Absent some consequences for Iran, therefore, it was hard to see why they would choose to change course or feel a need to get the diplomatic process back on track. Abrams noted Russia had been unhelpful at the UNSC, and while there was movement toward passing a UNSC sanctions resolution before the new year, its impact would likely be symbolic. Abrams also stressed the need for increased financial pressure on Iran, particularly in the banking sector. He noted the need to continue increasing the pressure via banks working with Iran, and especially pointing out the risk that they could be unwittingly assisting in Iran's nuclear/missile procurement. Such concrete

ROME 00003214 004.2 OF 005

consequences, coupled with the symbolic blow of UN sanctions, could have an effect on the Iranian economy and public opinion. The Iranian government is not popular. The strong desire of the government to avoid sanctions suggests they are concerned about the domestic impact.

¶15. (C) Abrams said the USG hopes for Italian support for UNSC sanctions and cooperation on increasing other financial pressures. Iran is not just dangerous because of its nuclear ambitions but because of its support for Palestinian extremists, its support for Hizballah in Lebanon, and its role in Iraq supplying arms to groups killing U.S. forces.

¶16. (C) Both Intini and Terzi said Italy would support an

initial round of sanctions and agreed that such sanctions would not destroy the possibility for negotiations. Terzi echoed Abrams' concern regarding the Russian position, saying Italy agreed the time for sanctions was now, and offering Italian cooperation with the U.S. on follow-up measures (sanctions committee or other monitoring of the resolution,) once Italy takes its Security Council seat in January. Terzi hoped Italy would be consulted early and often now that it will be taking its Security Council seat.

¶17. (C) Terzi noted Abrams' request for assistance with tougher financial pressures on Iran and said he would share it with Minister D'Alema. He said the "lack of a clear financial framework" for dealing with Iran (as apposed to the framework that exists for North Korea) makes things more difficult. (Note: The GOI has stated similar concerns in recent conversations with senior USG officials, per ROME 3050.) However, Terzi said the Italians were beginning to take action. He said the Bank of Italy had reduced its credit exposure vis-a-vis the Bank of Iran; additionally, he said SACE's reduction of its exposure in Iran is particularly significant for Italy, given Italy's trade position with Iran. Regarding Bank Sepah, Terzi referred to ongoing GOI exchanges on how to limit activity. The director of the MFA's Office for Disarmament and Non-proliferation, Filippo Formica, pointed out that Italy is an active participant in the Paris G7 exercise to build a new framework for countering proliferation finance. He said Italy is very committed to the success of the exercise.

¶18. (C) On the internal struggle in Iran, Intini agreed the current regime is unpopular, but cautioned that perceived external threats could favor extremists, not moderates. He said UN sanctions could be used by the regime to justify its actions to the Iranian public. Both Intini and Terzi agreed Iran needed to understand it could not split the West; Europe will not let itself be divided over the issue, nor will it let itself be split from the U.S. According to Intini, Iran appears to want three things: ensure against regime change; avoid future military attacks; and, most importantly, obtain recognition, in particular from the U.S., of its role as a key player in the region. While Intini and Terzi agreed on the need to keep the pressure on Iran, they expressed concern on about getting into a blind tunnel of escalation, absent some form of increased U.S. engagement with Iran.

U.S./Italy UNSC Cooperation

¶19. (C) Abrams asked Intini, Terzi and PM Diplomatic Advisor Sannino for Italian support at the UN to help us avoid being put in the position of having to use our veto on unhelpful Middle East resolutions, such as the recent one originally sponsored by Qatar. Terzi agreed that the Security Council should not be used as a venue to create additional venom and expressed concern over a recent trend to split the EU vote. He said Italy is planning to coordinate with the EU presidencies on common EU positions (which he noted might not always be the same as the U.S. position.) It was important for the U.S. to have clarity on the EU position and important for the EU to unify its position in order to have more clout on the Council. Abrams agreed, and noted that European freelancing and announcements such as the recent Spanish/French initiative undermine the EU goal of a unified and coordinated foreign policy. On Middle East peace process issues, coordinating and working through the Quartet would be most useful.

Comment

ROME 00003214 005.2 OF 005

¶20. (C) The Italians greatly appreciated the opportunity to engage with Abrams on the peace process, Iran, and Lebanon/Syria, all issues that are top foreign policy

priorities for them. It was also an opportunity for us to administer a useful antidote to some exaggerated political speculation, mainly on the left, about the possible impact of midterm elections on US foreign policy. Abrams made clear, especially with the journalists, that the Administration remained in place, and that there will be policy continuity. Even on Iraq, which was undoubtedly an election issue, the much-discussed study group will propose, but the President will dispose. GOI officials reflected governmental angst about the possible fallout for Europe's stability, prosperity, and security if there is no serious movement on the Middle East peace process. Abrams's message of Administration commitment, and the possibility of a virtuous cycle starting, was therefore particularly welcome. The Italians clearly shared our concern about the threat to the Lebanese government's stability by Syria and its allies. And Abrams strongly countered a few polite probes on the practicality of enhanced engagement with Syria, pointing out that this had already been tried. On Iran, the Italians agreed completely on the need to move to UN sanctions, and on coordinating more effective financial pressure, but with their substantial economic/commercial ties to Iran they were also clearly uneasy about where the process was heading. And that is because, in their analysis, the holy grail for Iran is not really the bomb; and it is not anything that Italy or the EU can provide; rather, it is respect, recognition, and engagement from the U.S. End Comment.

¶21. (U) DNSA Elliott Abrams cleared this cable.
SPOGLI